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ARIZONA CORPORATION COMMISSION

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2002 JUL -2 P 3:02

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF:

Ronald Lee Keel
1849 Viola Drive
Sierra Vista, AZ 85635

Donald Ramey
211 N. 4th Street
Sierra Vista, AZ 85636

Meracana Mining Corporation
1849 Viola Drive
Sierra Vista, AZ 85635

Respondents.

DOCKET NO. S-03418A-01-0000

Arizona Corporation Commission

DOCKETED

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FOURTH
PROCEDURAL ORDER**BY THE COMMISSION:**

On December 11, 2001, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, for Restitution, for Administrative Penalties, and for Other Affirmative Action ("Notice") against Ronald Lee Keel, Donald Ramey and Meracana Mining Corporation (collectively "Respondents") in which the Division alleged that Respondent engaged in acts, practices and transactions that constitute violation of the Arizona Securities Act ("Act").

On April 10, 2002, a Status Conference was held. Respondent, Donald Ramey, was represented by counsel. The Division also appeared with counsel. Respondent, Ronald Keel, appeared telephonically without the assistance of counsel. Respondent, Meracana Mining Corporation ("Meracana"), did not enter an appearance as it was not represented by counsel. The parties agreed that the hearing in this matter should be held on August 12, 2002. In the interim, the parties agreed to attempt to resolve the issues raised in the Notice. Mr. Keel informed the Commission he would prefer that all further correspondence from the parties and the Commission be sent to his daughter, Lisa Keel.

1 At the status conference, the Division stated it would file a Motion requiring Meracana to
2 retain legal counsel because Mr. Keel, who is a co-Respondent with Meracana, indicated that he
3 would be retaining an attorney for himself and for Meracana. The Commission considers this a
4 request for a hearing on behalf of the corporation. Mr. Keel was cautioned about potential conflicts
5 of interest and stated that he may be precluded from being represented by the same attorney due to
6 those conflicts.

7 Mr. Keel and Mr. Ramey are directors for Meracana and also co-Respondents in this case.
8 However, Mr. Ramey stated that he had recently retired his position as director in the corporation and
9 that Mr. Richard Keel, the only Director not named as a Respondent in this case, should be the one
10 responsible for retaining counsel for Meracana.

11 On May 22, 2002, the Securities Division filed a Motion for Order Requiring Meracana to
12 Retain Legal Counsel. The Division argued that since Ronald Lee Keel or Richard Keel were not
13 members of the Arizona State Bar, they could not represent Meracana in this matter. Further, the
14 Securities Division argued that if Meracana does not retain legal counsel, then a default order could
15 be entered against Meracana for all the requested relief sought in the Notice.

16 On May 29, 2002, Respondent Donald Ramey, through his counsel, filed a response to the
17 Division's Motion for Order requiring Meracana to Retain Legal Counsel. The Respondent agreed
18 that Meracana should obtain counsel and that either Richard Keel or Ronald Keel, as current
19 directors, were the proper parties to obtain that counsel. Respondent, however, objected to defaulting
20 the corporation pending a complete outcome in this matter, should the corporation fail to obtain
21 counsel. Respondent argued that if the Commission dismissed some or all of the claims now pending
22 against the individual Respondents at the conclusion of the hearing, a prior default finding against the
23 corporation based on those same allegations would be inconsistent and unsupportable. Given the
24 finding that the Corporation has requested a hearing, there will not be "prior default" in this matter.

25 On May 13, 2002, the Securities Division filed a Motion to Quash Respondent Ramey's
26 Notice of Deposition and Subpoena of Jerry Lowe ("Motion to Quash"). Jerry Lowe is an
27 investigator who works for the Division. The Division sought to quash Respondent Ramey's
28 subpoena and cited A.R.S. § 44-2042(A) and A.A.C. R14-4-303(A) as authority for quashing the

1 subpoena. The Division essentially argued that the Respondent is seeking to obtain information
2 deemed confidential by Arizona Statute and the Arizona Administrative Code through the deposition
3 of Jerry Lowe.

4 On May 24, 2002, Respondent Ramey filed a Response to the Motion to Quash. In the
5 Motion, the Respondent argued that the Division had not articulated any reason why any of the
6 information Mr. Lowe has needs to be "protected". Further, the Respondent argued that once Mr.
7 Lowe testified at the hearing, any "confidential information" would be disclosed at the hearing.
8 Respondent further stated that quashing the deposition of Mr. Lowe would also violate Mr. Ramey's
9 due process rights under the United States Constitution.

10 On June 10, 2002, the Division filed a reply to Respondent Ramey's response. In the reply,
11 the Division reiterated its position regarding the confidentiality statute and rule. Additionally, the
12 Division stated that the extent of discovery a litigant is entitled to in administrative proceedings is
13 primarily determined by the particular agency involved. Mister Discount Stockbroker, Inc. v. S.E.C.,
14 768 F.2d 875, 878 (7th Cir. 1985).

15 Based upon the Motions filed on this issue, A.R.S. 44-2042(A), AAC R14-4-303(A) and the
16 Division's avowal that Mr. Ramey has all documents that it intends to introduce at the hearing in this
17 case, the Securities Division's Motion to Quash should be granted. However, if evidence is
18 introduced at the hearing through the testimony of Mr. Lowe that Respondent Ramey can
19 demonstrate was unknown and could not have been adduced from the documents that were provided
20 to Respondent Ramey by the Division, then a delay in the proceedings may be necessary so that the
21 Respondents could conduct discovery.

22 Respondent Ramey filed a Motion for a More Definitive and Detailed Statement on March 4,
23 2002. At the status conference, Respondent Ramey indicated that he was not requiring the Division
24 to answer the Motion, but that Respondent Ramey was retaining the right to reemphasize or resubmit
25 the Motion in the future.

26 Accordingly, a hearing should be scheduled to address the issues raised in the Notice.

27 IT IS THEREFORE ORDERED that a hearing on the above-captioned matter shall be held on
28 **August 12, 2002 at 10:00 a.m.** at the Commission's offices, 1200 West Washington, Phoenix,

1 Arizona.

2 IT IS FURTHER ORDERED that the parties shall exchange witness lists and exhibits no later
3 than 10 days before the hearing and provide a copy of same to the presiding Administrative Law
4 Judge.

5 IT IS FURTHER ORDERED that the Securities Division's Motion for Order Requiring
6 Respondent Meracana Mining Corporation to retain legal counsel is granted.

7 IT IS FURTHER ORDERED that the parties shall include Lisa Keel and Richard Keel in any
8 further correspondence at the addresses listed in the service list below.

9 IT IS FURTHER ORDERED that if Mr. Keel retains counsel for himself, he shall inform
10 such counsel of his pending bankruptcy and such counsel must be appointed by the bankruptcy court
11 prior to representing Mr. Keel in this matter.

12 IT IS FURTHER ORDERED that the Securities Division Motion to Quash Respondent
13 Ramey's Notice of Deposition and Subpoena to Jerry Lowe is granted.

14 DATED this 2 day of July, 2002.

15
16 
17 PHILIP J. DION III
18 ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing were mailed/delivered this
20 2 day of July, 2002 to:

21 Robert D. Stachel, Jr.
22 CARDINAL & STACHEL
23 2151 South Highway 92, Ste. 100
24 Sierra Vista, AZ 85635
25 Attorney for Donald Ramey

26 Ronald Lee Keel
27 c/o Lisa Keel
28 6363 N. Montebella Road, #17202
Tucson, AZ 85704

Richard Keel, Officer/Director
Meracana Mining Corporation
5496 Fitz Avenue
Portage, IN 46368

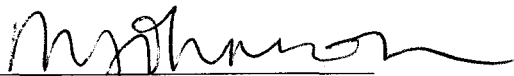
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2 1849 Viola Drive
3 Sierra Vista, AZ 85635

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5 Assistant Attorney General
6 ARIZONA ATTORNEY GENERAL'S OFFICE
7 1275 West Washington Street
8 Phoenix, Arizona 85007

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14 ARIZONA REPORTING SERVICE, INC.
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17 By: 
18 Molly Johnson
19 Secretary to Philip J. Dion III
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